

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 NSC-05 CIAE-00 PM-04 INR-07 L-03

ACDA-05 NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06

TRSE-00 SAJ-01 /063 W

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R 191821Z FEB 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9142

SECDEF

INFO USMISSION NATO BRUSSELS

USCINCEUR

CINCUSNAVEUR

USNMR SHAPE

CINCLANT

USLOSACLANT

AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY LISBON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY THE HAGUE

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 02624

DEFENSE FOR ISA

E.O. 11652: N/A

TAGS: MPOL, NATO. UK

SUBJ: UK DEFENSE CUTS

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1. THE UK WHITE PAPER ON "PUBLIC EXPENDITURE TO 1979-80"

WAS MADE PUBLIC AT 1600 HOURS TODAY. THE SECTION ON
DEFENSE IS QUOTED IN FULL AS FOLLOWS:

	1970-71	1971-72	1972-73	
DEFENSE BUDGET	4577.1	4631.3	4539.6	
NATIONAL ACCOUNTS	-46.0	-38.0	-45.2	
ADJUSTMENTS (1)				
TOTAL	4531.1	4593.3	4494.4	

	1973-74	1974-75	1975-76	
DEFENSE BUDGET	4462.3	4349.9	4547.6	
NATIONAL ACCOUNTS	-36.2	-19.4	-10.1.	
ADJUSTMENTS (1)				
TOTAL	4426.1	4330.5	4537.5	

CHANGES FROM CMND 5879 REVALUED:

DEFENSE BUDGET	-25.7	--	
CMND 5879 REVALUED	4375.6	4547.6	
NATIONAL ACCOUNTS	PLUS 10.9	-8.9	
ADJUSTMENTS			
CMND 5879 REVALUED	-30.3	-1.2	

	1976-77	1977-78	1978-79	1979-80
DEFENSE BUDGET	4566.0	4548.0	4530	4530
NATIONAL ACCOUNTS	20.0	24.9	11	11
ADJUSTMENTS (1)				
TOTAL	4586.0	4572.9	4541	4541

CHANGES FROM CMND 5879 REVALUED:

DEFENSE BUDGET	-136.3	-176.9	-193
CMND 5879	4702.3	4724.9	4723
REVALUED			
NATIONAL (OLUS)	2.2 (PLUS)	3.5	-5
ACCOUNTS ADJUSTMENTS			
CMND 5879	17.8	21.4	16
REVALUED			

(1) NOW MAINLY IN RESPECT OF THE CAPITAL REQUIREMENTS
OF THE ROYAL ORDNANCE FACTORIES.

NOTE: ALL FIGURES QUOTED ABOVE ARE POUNDS MILLION AT
1975 SURVEY PRICES.

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AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY THE HAGUE

LIMITED OFFICIAL USE SECTION 02 OF 02 LONDON 02624

"1. THE DEFENCE BUDGET COVERS ALL EXPENDITURE BY THE
MINISTRY OF DEFENCE AS WELL AS EXPENDITURE BY THE PSA ON
WORKS FOR DEFENCE. IT INCLUDES PROVISION FOR THE COSTS
OF PEACEKEEPING IN NORTHERN IRELAND. THE GOVERNMENT'S
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DEFENCE POLICY OBJECTIVES WILL BE FULLY DESCRIBED IN THE

1976 STATEMENT ON THE DEFENCE ESTIMATES, TO BE PUBLISHED
SHORTLY.

"2. THE DEFENCE BUDGET SAVINGS IN THE TABLE ABOVE ARE
POUNDS 177 MILLION IN 1977-78 AND POUNDS 193 MILLION IN
1978-79.

"3. THESE SAVINGS, TOGETHER WITH THE POUNDS 136 MILLION
CUT FOR 1976-57 MADE AS PART OF THE REDUCTIONS IN PUBLIC
EXPENDITURE ANNOUNCED IN THE APRIL 1975 BUDGET STATEMENT,
WILL BE MADEBY REDUCTIONS IN SUPPORT, NOT FRONTLINE.
THEY WILL NOT IMPINGE ON THE ESSENTIAL ELEMENTS OF OUR
CONTRIBUTION TO NATO. THEY REFLECT THE NEW DEFENCE
AGREEMENT WITH HONG KONG, WHEREBY THE HONG KONG GOVERN-
MENT MAKE AN INCREASED CONTRIBUTION TO THE GARRISON COSTS
FROM 1976-77. THE FIGURES ALLOW FOR SUBSTANTIAL REDUCT-
IONS IN CIVILIAN MANPOWER IN ADDITION TO THOSE RESULTING
FROM THE DEFENCE REVIEW."

SPIERS

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